

**U.S. Ambassador Derek Mitchell**  
**Remarks at Myanmar Institute of Strategic and International Studies**  
**(as prepared for delivery)**  
**Tuesday, May 27, 2014**

Thank you for the kind welcome. I want to thank Myanmar ISIS for the opportunity to be here today. A special thanks to Myanmar ISIS chairman Ambassador U Nyunt Maung Shein, Thwin Htet Lin, and the ISIS team for this opportunity. A warm hello to current and former MOFA officials, fellow diplomats, other ISIS members, and especially students here from Yangon and Dagon university's IR department, who are all with us today.

Some of you may know I originally was going to be here in March but I had to postpone last moment. I felt very sorry about that. As penance, I was forced to sing karaoke at MISIS's Thingyan ceremony in April. So to avoid having to sing again, I am particularly pleased to be here today.

I very much want to honor the work this institute does to bring together policy makers, diplomats, scholars, and thinkers to discuss important issues affecting this country and region.

I myself am a veteran of an institute in the United States like this one – in the West we call it a think tank. Center for Strategic and International Studies. The United States has found it very important to have places where policy stakeholders – official and otherwise – may think and discuss openly and hopefully creatively about issues of national and international importance. And not only issues of the moment, which governments tend to already think about, but even more importantly issues over the horizon, in the future, which governments often are not able to think about due to what we call the “tyranny of the in-box.”

I hope more such think tanks emerge in this society to contribute to national understanding, policy, and debate. And there is no more important time than the present, as the country considers new approaches during a new era.

This is obviously a historic moment for Myanmar. Among many other things, at the beginning of the year, your government assumed the chair of ASEAN for the first time.

The United States wishes Myanmar well for a very successful chairmanship. I can testify first-hand to how much effort this government, particularly the Foreign Ministry, is making to fulfill its enormous responsibility this year. Let me take a moment to commend and congratulate the Foreign Ministry for its excellent work as Chair to date – a consensus belief among my diplomatic colleagues, I should add.

Today, I'd like to talk about the role of ASEAN in U.S. Asia-Pacific policy, then follow with some commentary about the overall U.S.-Myanmar relationship, about which there have been some questions recently.

First, the United States and ASEAN. What are U.S. interests in ASEAN? Why does the United States care about the health and future of the institution and the region?

The data should explain much. ASEAN includes two U.S. treaty allies, the world's third largest democracy, and many other valuable security partners. ASEAN is the United States' fifth largest trading partner in the world and serves as our fourth largest export market. U.S.-ASEAN bilateral trade has increased more than 70 percent since 2001, from \$137 billion to around \$250 billion. Bilateral trade has grown at an average annual rate of 5 percent a year for more than a decade.

At the same time, the United States is by far the leading investor in ASEAN, and is engaged on economic and commercial development across the board, regionally and bilaterally.

It is because these profound and growing U.S. economic interests in ASEAN, and the Asia-Pacific region as a whole, that underlie our profound interest in maritime security. For ASEAN is host to critical sea lanes through which half of global trade passes each year, \$1.2 trillion of which includes U.S. trade.

As a maritime nation with global trading networks, the United States has long defended the freedom of the seas and has had a national interest in the maintenance of peace and stability; respect for international law; unimpeded lawful commerce; and freedom of navigation and overflight.

In the ASEAN region, that means the United States has substantial interest in developments in the South China Sea. We continue to support efforts by ASEAN and China to develop an effective Code of Conduct to promote a rules-based framework for managing and regulating the behavior of the relevant countries in the South China Sea, and believe the negotiating process should be accelerated.

We firmly oppose the use of intimidation, coercion or force to assert a territorial claim, and oppose any provocative or unilateral actions that disrupt the status quo or jeopardize peace and security. We call on all parties to conduct themselves in a safe and professional manner, respect freedom of navigation, exercise restraint, take steps to lower tensions, and address territorial and maritime disputes peacefully and diplomatically, and in accordance with international law. The rights of all nations, large and small, must be respected.

In a clear sign of our support for ASEAN, the United States became the first non-ASEAN country to establish a dedicated Mission to ASEAN in Jakarta in June 2010. We have signed the Treaty of Amity and Cooperation, established a regular U.S.-ASEAN Summit meeting, and are a proud participant in regional cooperation efforts through the ASEAN Regional Forum, ASEAN Defense Ministerial Meeting Plus, Expanded ASEAN Maritime Forum, and East Asia Summit, among other initiatives.

In addition, our work through the Lower Mekong Initiative has led to positive outcomes supporting the establishment of the ASEAN Economic Community in 2015 and development in the Lower Mekong sub-region. We have also worked to increase the capacity of the

ASEAN Secretariat, and contributed to tangible advances in regional security through cooperation in maritime security, humanitarian assistance, and disaster relief.

The result is a U.S.-ASEAN partnership that at the official level has been comprehensive.

Just as important, however, we have also seen a big increase in people-to-people exchanges and related cultural programs, assisted by ASEAN's large and growing population of young people who are raising their voices on the world stage. Here in Myanmar, young people have organized an ASEAN Youth Forum and supported the ASEAN People's Forum, providing a spotlight on key issues of concern to young people today. It's great to see students from the universities here this morning.

Sixty-five percent of Southeast Asia's population is under the age of 35. This large population of young people will be the foundation of the region's future, and of the U.S.-ASEAN relationship in years to come.

With that in mind, the United States recently launched the Young Southeast Asia Leadership Initiative, or YSEALI, to support and invest in this next generation of leaders.

Under YSEALI, we will help youth build networks across the region, and give resources and tools to assist them in addressing issues such as education, the environment, trafficking, and multi-culturalism.

You all will remember that President Obama held his first YSEALI town hall meeting during his recent visit to Malaysia, during which a Myanmar student asked for words of encouragement from the President to young people in the region on promoting tolerance and diversity in both Myanmar and the ASEAN region. I met that brave student a few weeks back and congratulated him on his achievement as a YSEALI representative, and his excellent and important question.

Economically, diplomatically, militarily, the United States has been, the United States is, and the United States will remain a resident Asia-Pacific nation.

During the Obama Administration's first term, the President laid out a vision for a Asia-Pacific rebalance based on America's stake in a prosperous and stable region. In its second term, the Administration has continued to build on those commitments to modernize our alliances, expand trade and investment, strengthen regional institutions, promote democracy and human rights, and deepen our engagement throughout the region.

And this country is an important part of this rebalance policy.

Let me be clear about U.S. interest in Myanmar. Put simply, the United States has a fundamental interest in the continuation of reform, and success of this country. That includes the success of its political development, its peace process, its economic growth, and its social cohesion, and the education, health, and overall well-being of all its people.

Why does the success of this country and its reform agenda matter to the United States? First, the United States has a natural affinity for any country that seeks a democratic future, one built on openness, rule of law, protection of human rights, civilian leadership, and behavior that conforms to international law.

This country has long captured the imagination of citizens of my country. The nascent promise of change today has only deepened their interest to assist this country to achieve its potential. I cannot count the Americans who come up to me when I return home to tell me how interested they are in this country and what is happening here. Or the Americans who have visited and tell me how it was the best trip of their lives, that they were overwhelmed by the country's beauty, and the richness of the country's culture, architecture, history, and gracious people.

More practically, for those attuned to geo-politics, this country sits at the crossroads of Asia, connecting the dynamism of South Asia with that of SE and East Asia. Its success will continue the momentum of growth in this region, including ASEAN, which as I discussed earlier is essential to the future prosperity and well-being of the United States.

With such interests, the United States cannot and will not sit on the sidelines. In addition to my arrival as the first U.S. ambassador here in more than 20 years, the United States re-established a resident USAID mission in fall 2012. Growth of USAID's assistance work has been rapid and comprehensive. Over the first two years, our foreign assistance in support of Myanmar's transition was totaled 186 million dollars, exceeding President Obama's 170 million dollar pledge when he visited two years ago.

What's important is not dollar figures, of course, but results. The full impact of the work we do today will take time to take hold. But our work to support rural development, for instance, has already yielded significant results, providing 80,000 farmers with better fertilizer and tools to increase their crop yield, establishing over 130 farmer schools and 300 seed banks, offering advisors to define land use policies, and introducing new strains of rice that will help to increase production to allow Myanmar to be a competitive agricultural force in the region.

Our work with the Ministry of Health to strengthen Myanmar's health system is helping the government develop a national system that will improve the delivery of essential drugs and lower costs, and help expand the government's ability to combat infectious disease. Our support for the health sector also includes teaching mothers basic health principles to ensure greater health in the next generation; supporting mobile clinics to increase access to health services to all sectors of society; providing health education and bednets that have contributed to a 46 percent decrease in incidence of malaria nationwide over the past decade; and working with U.S. companies such as Proctor and Gamble to help provide communities throughout the country with 100 million gallons of safe drinking water.

Furthermore, we are in the last stages of finally signing an MOU with the government to begin providing safety upgrades for a portion of the Yangon-Mandalay expressway and technical assistance for the government on the rest.

We're training media about the principles of responsible and ethical journalism, once again offering Fulbright and other scholarships to deserving teachers and students from both our countries, and placed U.S. English Language teachers at Yangon University and the Yangon Institute of Education to work with future educators in English language teaching skills and curriculum design.

And understanding that ongoing development must be underpinned with strong political systems that encourage inclusive consultation and the rule of law, we've worked to bring together parliamentarians and civil society organizations to help them work constructively to develop legislation that foster openness.

Finally, realizing that the 2015 elections will be a milestone for the country, a critical marker of democratic reform's progress that the world – including business – will be watching, we are assisting the Union Election Commission to adopt international best practices, as well as work with the parliament, political parties, civil society and others to ensure confidence in the election's integrity.

At the same time, U.S. business has been eager to take a close look at Myanmar as a prime investment destination.

The U.S. Embassy has worked hard to build closer economic and commercial ties between our two countries. An American Chamber of Commerce Myanmar Chapter, "AmCham Myanmar," opened last October. The U.S. - ASEAN Business Council, the U.S. Chamber of Commerce, AmCham Singapore, AmCham Hong Kong, and AmCham Bangkok have all organized repeated business missions.

U.S. Secretary of Commerce Penny Pritzker will visit here in early June, when she will reinforce this commitment to expand our economic ties and will preside over the formal opening of a U.S. commercial service presence in country, something that will facilitate even greater U.S. investment into this country.

In addition, we are actively reviewing Myanmar's eligibility for GSP – the Generalized System of Preferences -- to help this country further expand its trade relationship with the United States. Our embassy has been working closely with the government here to promote the progress made in a number of areas, especially the protection of workers' rights - a key criterion for GSP eligibility.

We at the embassy are optimistic that this review will have a favorable outcome. However, the U.S. Congress must reauthorize the GSP program before we are able to recommend reinstatement of GSP. We hope reauthorization will happen sometime this summer.

The U.S Export-Import Bank announced in February that it will provide short and medium term loans to assist in financing the export of U.S. goods and services to this country.

Our Overseas Private Investment Corporation (OPIC) is interested to support U.S. investors entering this country. We hope in the near future to see projects taking place with OPIC's financial backing – projects that create local jobs and promote exports, a win-win for both our countries.

Meanwhile, not content to wait, companies like Coca-Cola and Pepsi have established local bottling operations, creating jobs both directly and indirectly through their supply chains. APR Energy has put up a fast-track power plant that is providing critically needed electricity for this country's homes and businesses. GE turbines are powering other electricity plants. Chevron/Unocal along with its joint venture partners has been increasing the supply of natural gas for power generation. And our leading ICT companies – Cisco, Hewlett Packard, Intel, Google, and Microsoft – are applying their extensive expertise in a variety of ways to ensure technology may advance this country's development.

As they do so, American companies of course bring with them the highest standards of corporate social responsibility. Whether it is best practices in labor rights, environmental standards, and transparency, they seek to raise the bar for business practice across the country to demonstrate that doing good and doing well are mutually compatible and mutually reinforcing.

In the process, we adhere to the principle that it is not just *what* we do but *how* we do it that matters. We seek to develop not exploit, invest not extract. We do our best to ensure that our engagement is inclusive, informed, and sensitive to local conditions. We understand we must listen and learn before we act, do our due diligence, and be highly attuned to the deeply complex social, political, and legal and regulatory environment here.

Meanwhile, American companies are investing millions of dollars in microfinance to rural citizens, developing women entrepreneurs, training engineers and managers, offering apprenticeship opportunities to youth, and providing tens of millions of gallons of clean water to those who currently lack access to potable water. They have launched 20 public-private partnerships focused on health and poverty reduction.

Our companies understand that the long-term development and strength of this country and its people is the foundation for their long-term commercial success. That's why they're here now, already. And I believe more will come and contribute to Myanmar's economic growth, if the country implements market-oriented, transparent, rules-based economic reforms that enhance the investment climate.

So make no mistake: our engagement in this country has advanced greatly over the past few years, and will continue to increase into the future. This assistance is real and tangible, and seeks to support this country's long road of development ahead. And successful elections in 2015 will open the door even further to our investment in this country's future success.

Now, in this context, let me address an issue that has received a good deal of attention here recently: the announcement on May 15 that President Obama had declared a so-called "national emergency with respect to Myanmar" and thus extended certain sanctions for

another year. I'd like to clarify exactly what this is about, as the issue has received a great deal of attention here, much of it exaggerated and based on misunderstanding.

It gets a bit technical. Since 2011, even as legislated sanctions remain in place, the annual declaration of a national emergency has both renewed certain restrictions and granted the president the ability to authorize other actions to *ease* restrictions. Among the latter has included waiving restrictions on the exportation of financial services and on new investment by US companies.

The renewal does keep in place the sanctions on those individuals and entities that materially benefited from their close ties to the former regime and who are still impeding reform in this country, the so-called "specially designated nationals" or SDNs. But even they are able to have their cases reconsidered if they can demonstrate changed behavior and support for reform. We hope these individuals and entities can eventually become responsible stakeholders in this country's ongoing political and economic transition, and bring benefits to the people of Myanmar.

In short, far from being a step backward, the renewal of the national emergency has allowed us to continue to encourage the positive reforms underway, keeping in place our ability to license activities -- including encouraging responsible investment by U.S. companies among other actions -- that will provide material benefits to the people of this country and support reform.

So with due respect for the media here today, contrary to all the reports and other commentary of the past few weeks, nothing has changed in our engagement policy with the May 15 announcement, nothing at all.

We all recognize the reform effort here remains a work in progress. Because of the legacy of the past, questions abound among citizens of this country and my country about the future course of reform. They wonder about the role of the military, whether this proud and important institution will evolve into a professional force trusted by and at peace with the Myanmar people, that conforms to international norms of humanitarian behavior and civilian control, and that contributes to the preservation of national, regional and global peace.

They question whether personal and civic freedoms -- of association, assembly, media, speech, etc. -- will be protected and institutionalized in law and applied to all. They wonder where limits may be placed. Many note that change so far has largely come from the top down, and are watching closely for the kinds of steps that suggest sustained and institutionalized reform, for instance through amendments to the constitution.

They also have serious questions about Rakhine State, a beautiful state with so much promise and yet one that suffers from chronic underdevelopment and internal strife. We all have an interest to get Rakhine State on its feet and moving forward to fulfill its great promise.

In the end, it is essential that the government recognize the questions that remain about the reform agenda and continue to demonstrate momentum in the reform process to reassure its

citizens and international observers alike about the credibility, sustainability and institutionalization of reform.

This country faces a long and difficult road ahead. Transitions are never smooth nor are they ever easy. This nation's challenges are so many and so complex that they would confound even the most developed country to manage. In such an environment, we must all be patient, manage our expectations, and expect steps forward and perhaps a few steps back.

The United States is looking to support not drive reform. The diverse people of this great country must be the ones to chart the future of their country. In this situation, U.S. commitment to supporting reform that will help bring lasting peace, stability, justice, and development to this country will remain strong, constant and unwavering. In just the past three years, we have gone far to overcome years of mistrust and alienation in our bilateral relationship, even if legacies of this old mindset remain in various quarters within both our countries still.

Nonetheless, I believe we are on the right track to overcome such legacies, and I am confident that the people of our two countries are just beginning to rediscover each other to our mutual benefit for years to come. And I couldn't be more honored to be serving as the United States Ambassador during this remarkable historic period in this relationship.

I'd like to thank MISIS again for inviting me here today, and you all for listening. Thank you all very much – and I'm prepared now to answer any questions.